

IGC-Bangladesh Projects of Relevance to Bihar

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Outline

- Results from a migration program in north-west Bangladesh sponsored by IGC
- Idea for a similar migration project linking workers from Bihar to jobs in Tamil Nadu
 - History and Patterns of Migration from Bihar
 - Labor demand at tea plantations in Tamil Nadu
 - Progress on collaboration with Tea Estates India Ltd
- (if there's time) The Garments Sector in Bangladesh and Links to Girls' Education

The Policy Issue: A Seasonal Famine in Rangpur

Famine strikes at Shunaqulir Char: Mother and Daughter go on hungry for days

Translated from Daily Jankantha dated 2nd Nov, 2005)



ভাতার অপেক্ষায় থেকে মারা গেলেন মতিয়ার

অখিল পোদ্দার / তাহমিন হক ববি, নীলফামারী থেকে ॥ বয়স্ক ভাতার জন্য আর অপেক্ষা করতে হলো না মতিয়ারের। আড়াই দিন অভুক্ত থেকে গত সপ্তাহে তাঁর মৃত্যু হয়েছে। আগামীকাল তাঁর ভাতা পাওয়ার কথা। মতিয়ারের ঘরটি এখন তাঁর মতোই একা। চারপাশে কোন দরজা-বেড়া নেই। কশভাঁটার দোচালা ঘরের কোনায় বাঁশের মাচা। মন চাইলে তিনি এখানেই ঘুমোতেন। তাঁর মৃত্যুর খবর মুন্সিপাড়ার বাইরের



Picture (courtesy Daily Janakantha): Left: A woman showing the condition her hunger stricken grand child. Right: A person namely Matiar died while standing in line for Aid.

- Rangpur districts are poor (incomes ~60% of rest of country)
- Pronounced seasonality (~40% income drop before Aman harvest)
- Pre-harvest (Sept-Nov), job opportunities are limited, wages are low, grain prices are high.
- Some parallels in data: Rangpur: Bangladesh :: Bihar: India

Puzzles and Project Goal

- Remittances into the north-west is the lowest in the country
- Jobs available and wages higher in nearby urban areas (Zug 2008)
- Government and NGO responses have focused on FFW, VGF, targeted microcredit even though there is greater inter-regional than inter-seasonal variation in incomes (Khandker 2010)
- Specific Policy Goal of our project:
Can seasonal migration mitigate the effects of the seasonal famine
- “Hungry seasons” affect hundreds of millions around the world (Malawi, Madagascar, Ethiopia, Kenya,...)

Experiment

- In 2008, provided households with a small transfer conditional on migration Tk 600 + 200 (\$8.50+\$2.50)
- Randomly allocated across 100 villages (1900 hh)
 - Cash Grant (37 villages)
 - Credit (31 villages)
 - Information/endorsement (16 villages)
 - Control (16 villages)
- Program implemented by umbrella organization for microcredit NGOs

Program Evaluation

- Take-Up
 - Migration rate under cash or loan: 58%. Control or Information Treatment: 35%
- Effects on Consumption at the Origin
 - If you are induced to migrate, food and non-food consumption of family members remaining at origin increases 30-35%
 - Caloric intake increases 700 Calories per person per day
 - Magnitude of consumption effects much larger than the \$8.50 transfer
- Effects at the Destination
 - Migrants earn \$110 on average at the destinations (on a \$6-\$8 investment)
 - They are able to save about half of that, and they remit/return in between
 - Wages higher than at origin, even conditioning on the employed at origin

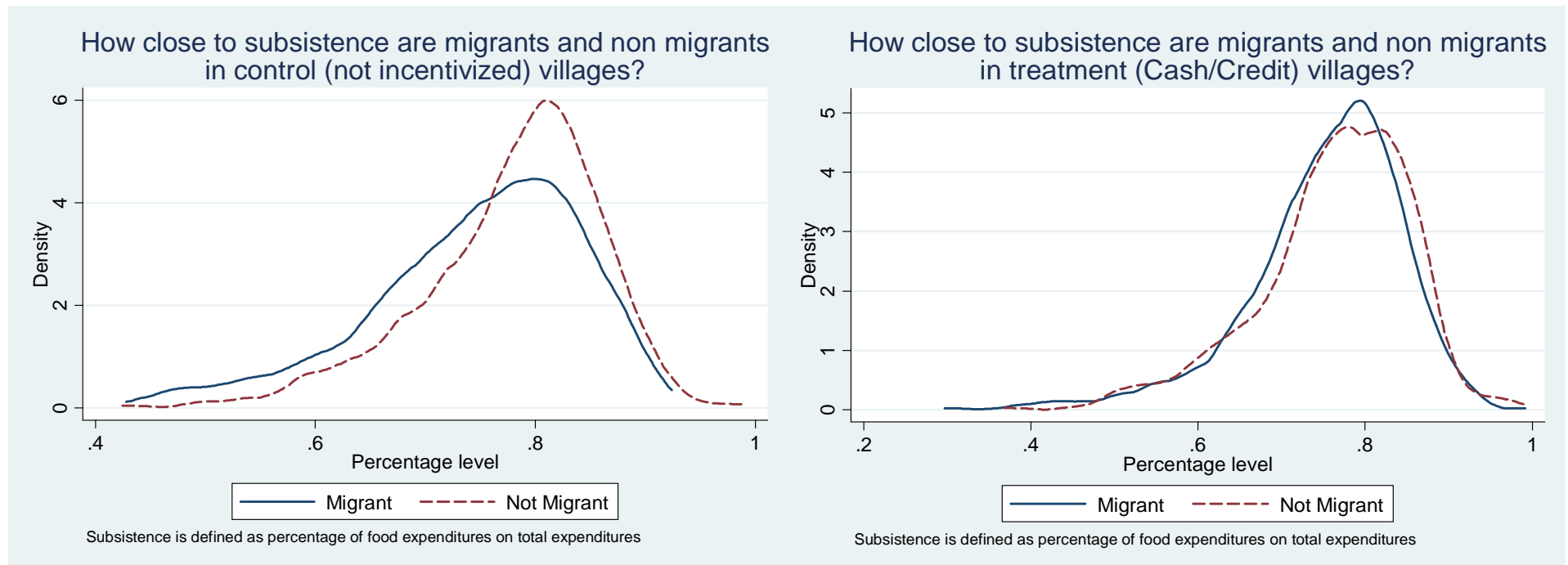
Voluntary Re-migration

- Program implemented in November 2008 for the 2008 Monga season
- No program in 2009/2010, but we tracked longer-run migration patterns *using IGC funds*
- Migration rate in treatment villages continue to be significantly higher (47% vs 35%) even after inducement is removed.

Why didn't people migrate?

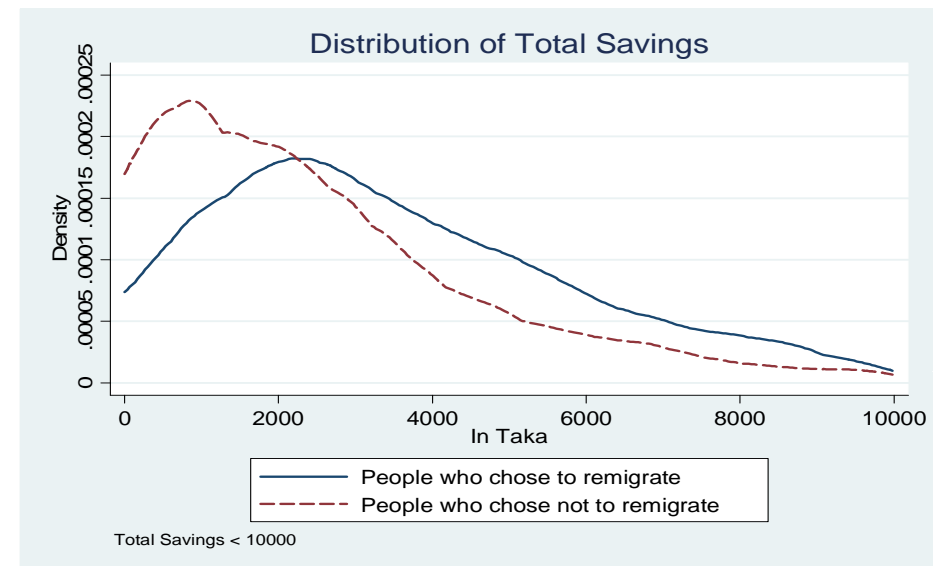
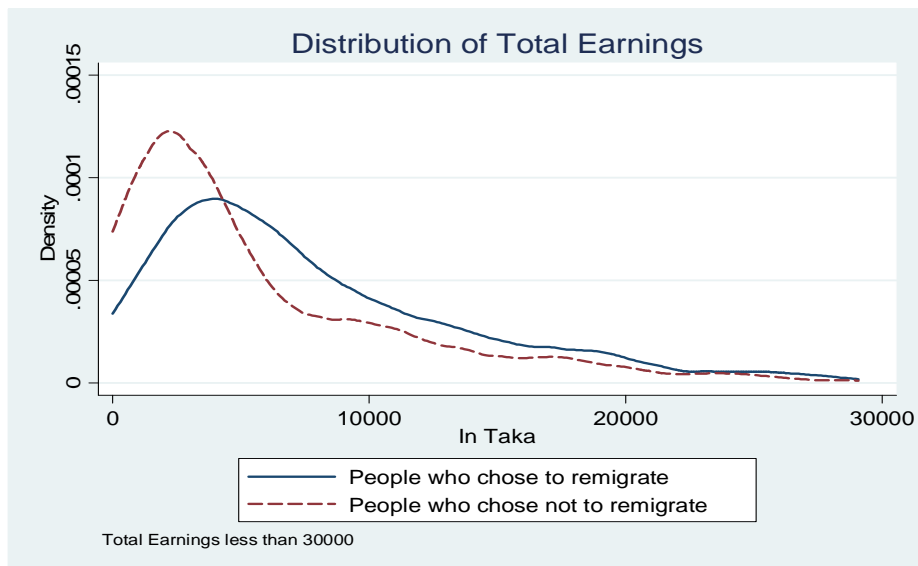
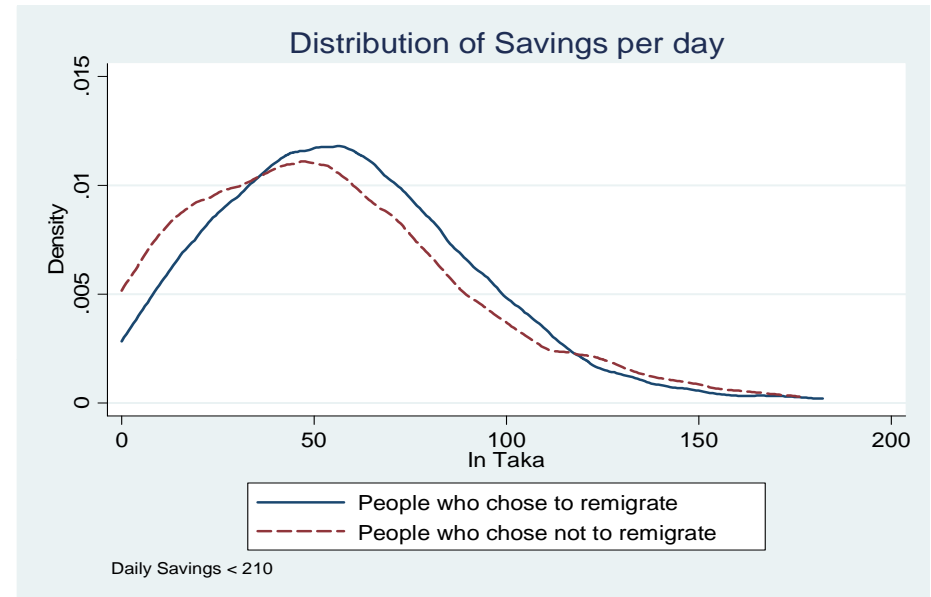
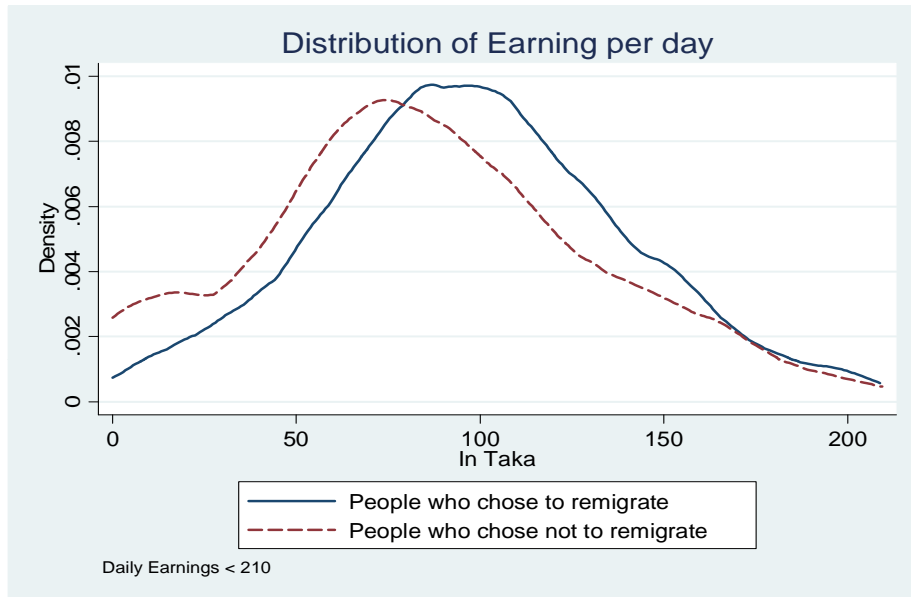
- Even if expected return to migration is positive, a small probability failure may be devastating and carry large weight if the utility function is steep around that point
- Inducing inaugural migration allows migrants and employers to learn
- Evidence in favor of Risky Experimentation Model:
 - Induced migrants less likely to have job leads, social network presence, less likely to travel alone
 - People close to subsistence don't migrate, but are most responsive to the intervention
 - Clear evidence of learning: follow your successful friends

Who Chooses to Migrate?



- In general, people closer to subsistence are less likely to migrate (control villages)
- But those households are more responsive to our incentives (treatment villages)

Learning: Who re-migrates in 2009?



Implications for Bihar and India

- Micro-credit may have broader role: Not everyone is an entrepreneur, but credit can allow people to get to jobs.
- We need insurance against devastation to allow people to experiment with new technologies and ideas. Proposed model applicable to other technologies where the downside is potentially devastating.
 - New varieties of seeds (slow diffusion of Green Revolution)
 - New business start-ups and entrepreneurial ventures
- Seasonal Migration is a common practice to diversify away from agriculture (Banerjee and Duflo 2006)
- The people and economy of Bihar historically dependent on Permanent and Temporary Out-Migration. But it's risky. We need to find ways to let people experiment and learn.

Migration in Bihar

- 5.2 million migrants from Bihar (IIPA)
 - “Out-migration for employment sake has now become a craze in rural Bihar...nearly one-third of the households. So much so that now staying at village is equated with laziness among the fellow villagers,” WSJ 2010
- Patterns [Deshingkar et al (2006) ODI, Chaudhury (1992), De Haan 2002]
 - Poorest of the poor and landowners/businessmen don’t migrate
 - Educated and wealthy migrate permanently, but vast majority for 3-9 months and engage in farm and construction work, rickshaw-pulling
 - Incidence of out-migration from Bihar largest in India
- Migrants have always faced large risks and challenges
 - 1881-1911: “only a small section could earn enough to save...1661 of 2175 returned emigrants from Jamaica, Fiji, Africa...brought nothing back.
 - Men travel alone. Home sickness.

Recruitment for Tamil Nadu Tea Plantations

- Large transaction costs: employers have to pay large fees to be “introduced” to communities. Workers have to share proceeds with “agents”
- Just at one company – Tea Estates India Limited, they have capacity to employ at least 3000 workers year-round
- TEIL recruited from Tamil Nadu in 2007, but gave up due to the high cost. They are currently recruiting from MP.

Progress with TEIL

- Shuba Chandran, CEO and MD of Woodbriar Group very interested in collaborating on a project with ADRI (and/or local NGOs) to recruit workers from Bihar.
- They are ready to provide jobs, transportation costs, wages plus accommodation/cooks/benefits/medical care for workers
- Interested in research, willing to randomize
- We could take this forward collaboratively

Garment Industry

- Started as a historical ‘accident’ in Bangladesh
- The industry was virtually non-existent in 1980, but now accounts for the vast majority of Bangladesh’s exports and foreign exchange earnings
- “Accidents” can be manufactured with careful policy design

The Garment Industry and Girls' Schooling

- This graph shows that girls schooling rose in garment villages (relative to non-garment villages) beginning in the early 1980's, when the garment industry started its rapid growth
- We estimate that a 10 percent increase in the number of garment jobs increases the probability that a girl is in school by .231 percentage points.
- The effect is particularly strong among young girls, since older girls may drop out of school to access the jobs immediately
- We estimate that the garment sector's contribution to the increased girls' schooling between 1980 and 2010 is approximately 5 times as large as the effects of the Girl's School Subsidy

Percent of girls 5 to 18 enrolled in school
garment vs. non-garment villages

